

Memorandum

To: Budget Coordinating Group
From: Andy Steinberg and Stephanie O’Keeffe
Date: February 14, 2011
Re: February 10, 2011 meeting
Discussion summary and additional information

The Summary Points of the meeting set forth the consensus agreements that were reached during the discussion. The budget development is complex. Our goal is to fully involve all four boards/committees represented in the BCG so that a consensus recommendation about operating budgets can be presented to the Finance Committee. Providing a summary of the discussion at our meeting and additional relevant information will make it easier for the members of your boards/committees to understand the issues we want them to consider.

At our February 10th meeting, the members of the Budget Coordinating Group reviewed and discussed initial executive level budgets and the process and calendar for the development of a comprehensive budget.

- 1) The Finance Committee requested that the Town Manager, Superintendent, and Library Director develop initial budgets that are based upon level Town funding except for the regional schools. The preliminary guidelines assumed a 3% increase in the Amherst assessment so that all assessments would cumulatively provide level funding. This was based upon the assumption that local aid, including Chapter 70 and unrestricted aid to cities and towns, would be \$11,949,005, reduced by \$1,657,294 (12.5%) from FY 11.
- 2) In January, the Governor made his budget recommendations which would have a very different result for Amherst. That budget is not the final state budget that will result from the usual legislative process. Representative Story reminded us at the Four Town Meeting that the legislature’s priorities and assumptions could be different from the Governor’s.
- 3) If the Governor’s budget is adopted, Amherst would receive state aid that is \$1,402,703 greater than the Finance Committee estimated in November as the “worst case”, the basis its preliminary guidelines.
- 4) The review of the preliminary executive level budgets provided the following information.
 - a) The Town Manager’s budget for municipal functions adheres to the preliminary guideline of level appropriated funding and includes a limited list of essential items to be restored or added if funds are available, totaling \$393,471.
 - b) The Superintendents preliminary budget for the Regional Schools adheres to the preliminary guideline of level of funding for the Town assessment and commensurate

assessments for the other Towns in the region. The program that will be offered depends upon the amount of Chapter 70 aid to the region in the final state budget.

- c) The Superintendent's preliminary budget for the Amherst Schools assumes an adjustment to the guidelines that is a proportionate allocation of the difference between the state aid assumption used by the Finance Committee in November when it developed the preliminary guidelines and the Governor's recommendation. It also assumes that the amount that could be attributed to the regional schools will be allocated to the elementary schools. The additional \$705,000 funds priority programs.
- d) The Library Director provided a preliminary budget based upon the Town providing level funding in accordance with the preliminary guidelines. Because of changes to other income (funds from endowment, donations, and state library aid due to prior changes in how the library utilizes that aid), there is a \$75,000 deficit to continue the current FY 11 services that were already reduced severely from what is needed. The Library also noted that level funding is \$7,672 below the Municipal Appropriation Requirement (MAR) to maintain certification and the addition of this amount is of the highest priority.

The total of the additional aid estimated for the school budget and the amount needed to address the Town Manager's priority additions and restorations and the library deficit is \$1,173,471. If the amount included for the library is what is needed to provide MAR funding, the additional budgeted amount above the preliminary guideline amount is \$1,165,799.

- 5) If we were to use almost \$1.2 million for additional operating budget expenses in FY 12 and the Governor's budget is adopted with no changes, we have little left to address other needs: (a) the backlog of capital needs, which is the Finance Committee's highest priority if additional funds become available and addresses needs of the entire town, including the schools and libraries; (b) the need to improve reserves which are still at the low end of the range targeted in the Town's Financial Policies; (c) limiting the growth in property taxation; and (d) planning for FY 13 when, among other factors, substantial federal funds will not or may not be available.